

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6159

BILL NUMBER: HB 1193

NOTE PREPARED: Jan 26, 2011

BILL AMENDED:

SUBJECT: Tax Credit for Farm Building Insulated Curtains.

FIRST AUTHOR: Rep. Lehe

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill provides a tax credit against state tax liability for expenditures by a farmer for insulated curtains installed in a farm building located in Indiana. It provides that the amount of the tax credit is 10% of the cost of the insulated curtains and associated installation costs.

Effective Date: July 1, 2011.

Explanation of State Expenditures: *Department of State Revenue (DOR):* The DOR would incur some administrative expenses relating to the revision of tax forms, instructions, and computer programs to reflect the new tax credit. The DOR's current level of resources should be sufficient to implement the new tax credit.

Explanation of State Revenues: *Summary* - This bill will reduce revenue to the state General Fund by an indeterminable amount beginning in tax year 2012. The initial fiscal impact would begin in FY 2013.

This bill provides a tax credit that is equal to 10% of a farmer's expenditures during the tax year for insulated curtains for farm buildings and installation costs. If the tax credit exceeds a taxpayer's state tax liability for the taxable year, the excess may be carried forward for no more than nine taxable years. The tax credit may not be carried back or refunded. The tax credit may be applied to individual and corporate Adjusted Gross Income (AGI), Financial Institutions Tax (FIT), and Insurance Premiums Tax (IPT) liabilities. Revenue from these taxes is distributed to the state General Fund.

(Revised) **Background Information** - The cost of insulated farm building curtains varies by size and material. An insulated farm building curtain with an R-value of 3 can cost about \$5 to \$30 per linear feet. Hardware

for installing the curtain can cost about \$300 to \$400. If a taxpayer's purchase of insulated farm building curtains and installation costs is about \$1,500 to \$12,000, then the tax credit would equal \$150 to \$1,200.

The R-value indicates an object's resistance to heat flow. The greater the R-value, the higher the resistance to heat loss and the better the insulation. To qualify for the tax credit under this bill, the taxpayer must purchase an insulated curtain that is designed for a farm building and has an R-value of at least 3.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected:

Information Sources: Farmtek, <http://www.farmtek.com/farm/supplies/home>; TekSupply, <http://www.teksupply.com/farm/supplies/home>; American Agra Curtains, Inc., 765-564-3584.

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